United Nations A/C.5/56/SR.37

General Assembly
Fifty-sixth session

Official Records

Distr.: General
7 February 2002

Original: English

Fifth Committee

Summary record of the 37th meeting
Held at Headquarters, New York, on Friday, 14 December 2001, at 10 a.m.

Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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01-69744 (E)

The meeting was called to order at 10.15 a.m.

Agenda item 123: Proposed programme budget for the biennium 2002-2003 (*continued*)

Part IV: International cooperation for development

Section 11B: International Trade Centre UNCTAD/WTO (A/56/6/Add.1 (Section 11B) and A/56/7/Add.3)

1. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's fourth report on the proposed programme budget for the biennium 2002-2003 (A/56/7/Add.3), said that the proposed programme budget for the International Trade Centre UNCTAD/WTO (ITC) for 2002-2003 had been presented in the report of the Secretary-General (A/56/6/Add.1 (Sect. 11B)) in accordance with the procedures and administrative arrangements outlined by the Advisory Committee and endorsed by the General Assembly in its decision 53/411 B of 18 December 1998. The estimated total resources indicated by the Secretary-General amounted to 61,365,700 Swiss francs, of which Sw F 30,632,700 were intended for 2002 and Sw F 30,733,000 for 2003. On the basis of an exchange rate of Sw F 1.76 to US$ 1, the provision requested for the United Nations contribution for the biennium 2002-2003 would amount to US$ 17,203,350. In paragraph 9 of its report, the Advisory Committee recommended acceptance of the proposal for 148 regular budget posts and, in paragraph 13, approval of the proposed total resources. The budget for the International Trade Centre (ITC) was reviewed by the World Trade Organization (WTO) as well as by the General Assembly, and the WTO procedure was described in paragraph 5 of the Advisory Committee's report.

2. **Mr. Orr** (Canada) sought an explanation for the issuance of the report of the Secretary-General one week after the scheduled ending of the main part of the session. His delegation was concerned that over one third of the posts that had been proposed for the International Trade Centre UNCTAD/WTO were in the Division of Administration. He would appreciate further details of why so many posts were required for support staff with no direct involvement in programme work. With regard to the programme of work, objectives and expected accomplishments, additional information concerning the division of labour between the four Divisions of ITC would also be welcome.

3. **Mr. Stoffer** (United States of America), with reference to paragraph 11B.11, asked why a provision was needed in the regular budget for expenditure that had previously been met by a voluntary contribution from the Government of Switzerland. His delegation shared Canada's concern at the number of posts required for the Division of Administration. Lastly, he failed to understand the need for consultants and how the estimated requirements of Sw F 828,600 had been arrived at.

4. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), with reference to the timing of the administrative arrangements, said that ITC would prepare a report on the lessons learned during the current phase of the revised schedule for submission to the Advisory Committee and WTO during the first quarter of 2002. The Advisory Committee would review the process and make further comments at that time.

5. **Mr. Smadja** (International Trade Centre) said that no new posts had been created in the Division of Administration. The posts referred to in the report were reclassifications that had followed an independent review. With regard to the presentation of the programme of work, a breakdown of the output of individual programmes had been given rather than a breakdown of the work done by the various Divisions, because such an approach had been requested. In response to allegations that the Division of Administration was overstaffed, he drew attention to the wide range of services it provided for all the other Divisions. It administered the ITC building, space in which was also used by several other offices, and ensured that ITC constituted a semi-autonomous organization. Consideration was already being given to the possibility of sharing some of the services provided by the United Nations Office at Geneva (UNOG), which could lead to a reduction in costs. The justification for consultants had been given in section A.11B.6 of the report. With regard to the transfer from extrabudgetary to regular budget resources referred to by the representative of the United States of America, he drew attention to the wide-ranging impact of the Executive Forum, which had been previously funded by the Government of Switzerland. Since the Forum had a direct impact on programme development, it was

more appropriate to allocate extrabudgetary resources to operations in the field.

6. **Mr. Khamis** (Programme Planning and Budget Division) said that the late issuance of the report of the Secretary-General had been due in part to the difficulty of carrying out a joint review by WTO and the General Assembly. Two years earlier, a disagreement had arisen between WTO and the General Assembly over approval of the budget, which had highlighted the need for in-depth consultations and the fact that one body could not take action without the understanding of the other. In paragraph 5 of its report, the Advisory Committee pointed out that the WTO Committee on Budget, Finance and Administration had not taken a decision until 23 November 2001. As a result, the time available to the Secretary-General to review the proposals of WTO and submit his report had been very limited.

7. **Mr. Stoffer** (United States of America) asked why a total of Sw F 585,000 would be required to pay consultants to assist with matters related to the Executive Forum. Given the importance of the Forum, it would be more appropriate for related work to be conducted by regular members of staff.

8. **Mr. Smadja** (International Trade Centre) said that the Forum covered a number of topics for which ITC did not have the relevant expertise and national experts were therefore needed as consultants.

9. **Mr. Orr** (Canada) requested a breakdown of the work done by the Division of Administration. He noted that the report of the Secretary-General did not follow the usual format based on tables and did not provide data on expenditures for the biennium 1998-1999.

10. **The Chairman** proposed that the Committee should consider and make appropriate recommendations on section 11B of the proposed programme budget in the context of informal consultations.

11. *It was so decided.*

Estimates in respect of matters of which the Security Council is seized (A/56/7/Add.5 and A/C.5/56/25)

12. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the sixth report of the Advisory Committee on the proposed programme budget for the biennium 2002-2003 (A/56/7/Add.5), said that the total estimated requirements of $29,519,400 would be charged against the $93.7 million provision for special political missions under section 3 (Political affairs) of the proposed programme budget for the biennium 2002-2003. The potential estimated charges against the provision for special political missions in 2002, which were listed in the annex to the report of the Advisory Committee, amounted to $62.8 million. The first four mandates referred to in that annex were not covered by the report of the Secretary-General (A/C.5/56/25).

13. The Advisory Committee recommended that review of the report of the Secretary-General should be deferred until February 2002, since a number of aspects required further analysis. The Committee did not intend to restrict the ability of the Secretary-General to react in a timely manner with regard to the missions referred to in its report and therefore recommended approval of a charge of $8 million against the provision for special political missions for the period from 1 January to 31 March 2002. The Advisory Committee would undertake a detailed study in February 2002 and report to the Fifth Committee during the first part of the resumed session of the General Assembly.

14. **Mr. Herrera** (Mexico) asked when the programme budget implications of the missions authorized by the General Assembly would be presented to the Assembly.

15. **Mr. Sach** (Director, Programme Planning and Budget Division) said that draft resolutions had been introduced in the General Assembly on the Central American peace process and the United Nations Verification Mission in Guatemala and the corresponding statements of programme budget implications would be presented to the Advisory Committee early the following week. In addition, a draft resolution on the United Nations Special Mission to Afghanistan would be introduced very shortly and action on all three missions could therefore be expected in the near future.

16. **Mr. Nakkari** (Syrian Arab Republic) asked why a representative of the Secretary-General had failed to introduce the Secretary-General's report. As a result, the Chairman of the Advisory Committee had effectively introduced both the Advisory Committee's report and that of the Secretary-General. His delegation found that situation unacceptable, particularly since it was not the first time it had occurred.

17. **Mr. Sach** (Director, Programme Planning and Budget Division) said that, in general, he had no difficulty with the Advisory Committee's recommendation that, pending a detailed review of the matter by that Committee in February 2002, a charge of $8 million be approved for the period from 1 January to 31 March 2002 against the provision for special political missions requested under section 3 (Political affairs) of the proposed programme budget for the biennium 2002-2003. He had some reservations, however, about the recommendation contained in paragraph 5 of the Advisory Committee's report that, pending consideration of the report of the Secretary-General, no action should be taken to fill the additional 41 positions, nor should any reclassifications be implemented. Nineteen of those posts were related to the Office of the Special Representative of the Secretary-General for West Africa and he would welcome the assurance that the activities planned for the new missions would not be constrained.

18. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the order in which the report of the Secretary-General and that of the Advisory Committee were introduced did not matter. There were no rules in that respect. His introduction of the report of the Advisory Committee might contain comments on the report of the Secretary-General, but it was for the representative of the Secretary-General to decide whether or not to make additional comments.

19. With regard to the Advisory Committee's recommendations, paragraph 5 of the Committee's report must be read in conjunction with paragraph 4, in which the Committee stated that it was not its intention to restrict the ability of the Secretary-General to react in a timely manner with regard to the missions referred to in his report. Whenever the Advisory Committee recommended that action be deferred on special missions or peacekeeping operations, it was always without prejudice to the flexibility accorded to the Secretary-General with respect to recruitment and the filling of posts, provided that the actions of the Secretary-General provided for sufficient flexibility to react to the subsequent decisions of the General Assembly with respect to the number of posts and grading patterns.

20. **Mr. Nakkari** (Syrian Arab Republic) said that, indeed, it did not matter which of the two reports was introduced first, provided that both were presented. However, the rules of procedure of the General Assembly provided that the Advisory Committee should comment on the report of the Secretary-General and he was concerned at the impression that was sometimes given that the representative of the Secretary-General was commenting on the Advisory Committee's observations.

21. **Ms. Merchant** (Norway) asked whether the Advisory Committee would also recommend that consideration of the proposals with respect to appropriations for the Central American peace process, the United Nations Verification Mission in Guatemala and the United Nations Special Mission to Afghanistan: Afghanistan office be deferred to the resumed session of the General Assembly.

22. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee would not recommend deferral of those items, since it had already completed its reports in respect of the missions in question.

23. **Mr. Nakkari** (Syrian Arab Republic) said that he hoped the Committee would follow the rules of procedure of the General Assembly and take action on the draft decision only when it was available to members in writing and in all six official languages.

24. **The Chairman** said that the Committee secretariat would be requested to prepare a draft decision on the estimates in respect of matters of which the Security Council was seized for action by the Committee the following week.

Revised estimates: effects of changes in rates of exchange and inflation (A/56/7/Add 4 and A/56/659)

25. **Mr. Sach** (Director, Programme Planning and Budget Division), introducing the report of the Secretary-General on revised estimates: effects of changes in rates of exchange and inflation (A/56/659), said that adjustments in the budget estimates were routinely made at that time of the year to bring them into line with changes in exchange rates, inflation and other factors. The estimated additional requirement was approximately $35.3 million, of which $26,337,000 was attributable to revised inflation rate assumptions, $8,420,600 to revised exchange rate assumptions and $513,300 to the adjustment of salary standards. In the course of the year, the dollar had weakened against a

number of major currencies and additional resources would be needed at several duty stations, including Geneva, The Hague and Vienna. That increase had been partially offset, however, by reduced requirements at other duty stations, including Addis Ababa, Nairobi and Santiago, where the dollar had appreciated against local currencies. Schedules I, II and III set out the additional requirements resulting from revised assumptions for exchange rates, inflation, post adjustment multipliers and annual cost-of-living adjustments, while schedule IV showed the effect of recosting by budget section and main determining factor.

26. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/56/7/Add.4), said that the Committee had found no technical basis for objecting to the Secretary-General's revised estimates arising from the recosting of the effects of changes in rates of exchange and inflation and accordingly transmitted them to the Fifth Committee for consideration in the context of that Committee's consideration of the proposed programme budget for the biennium 2002-2003. It might be best for the Fifth Committee to take note of the report of the Secretary-General on the understanding that the overall level of the proposed programme budget would be determined by the Committee, taking into account the estimated additional requirement of $35,270,900.

27. **Mr. Orr** (Canada) sought an explanation for the higher salary costs that were projected for New York, where 50 to 60 per cent of the Organization's budget was spent, even though inflation was projected to decline during the biennium 2002-2003 at that duty station.

28. **Mr. Yamanaka** (Japan) said that he shared the concern of the representative of Canada. It was unclear to his delegation why the estimates of salary standards in New York and Geneva should have been revised upwards when inflation rates at those duty stations were projected to decline.

29. **Mr. Mirmohammad** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, said that he wished to place on record that the resource requirements for the recosting should be appropriated in accordance with the procedures set out in General Assembly resolution 41/213.

30. **Mr. Sach** (Director, Programme Planning and Budget Division), replying to the question raised by the representatives of Canada and Japan, said that the increases resulting from inflation comprised three elements, namely, post adjustment increases for Professional staff, salary adjustments for General Service staff and adjustments to non-post estimates. With regard to Professional staff costs, post adjustment multipliers by main duty stations were determined not only by movements in the consumer price index but also by out-of-area expenditure components. General Service salary increases were determined by the results of surveys and cost-of-living adjustment mechanisms mostly paralleled the movement of the consumer price index. He agreed that New York and Geneva accounted for a large share of the Organization's budget. In New York, however, the post adjustment multiplier had risen above the levels that had been anticipated in the initial proposals.

31. **Mr. Orr** (Canada) said that he would welcome a further breakdown of the figure of $26,337,000 that had been recosted for inflation, since it was still unclear to him why inflation should be running at different rates for the same period and the same duty station.

32. **Mr. Sach** (Director, Programme Planning and Budget Division) said that the mechanism for determining the post adjustment multiplier was quite a complicated one, which did not move in lockstep with the consumer price index. In fact, the weights of the various components of the consumer price index did not mirror those of the components measured in the post adjustment index. That was the reason for the difference between the movement of the post adjustment index and that of the consumer price index. Salary costs were calculated on the basis of the post adjustment multiplier determined by the International Civil Service Commission (ICSC) because the Organization was required to pay salaries at the rate mandated by ICSC.

33. **The Chairman** proposed that the secretariat should prepare a draft decision for action by the Committee, by which it would recommend that the General Assembly take note of the revised estimates arising from the recosting of the effects of changes in rates of exchange and inflation.

34. *It was so decided.*

The meeting rose at 11.30 a.m.